Supreme Court, U.S.
FILED
APR 10 2000
CLERK

(2)

No. 99-1325

IN THE

Supreme Court of the United States

ENVIRON PRODUCTS, INC.,

Petitioner,

v.

INTELPRO CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

DAVID LESHT
Counsel of Record
JOHN L. ALEX
MICHAEL J. MCGEE
COOK, ALEX, MCFARRON, MANZO,
CUMMINGS & MEHLER, LTD.
Attorneys for Respondent
200 West Adams Street, Suite 2850
Chicago, Illinois 60606
(312) 236-8500

159027

Counsel Press LLC
(800) 274-3321 • (800) 359-6859

30pp

QUESTIONS PRESENTED

Whether the court of appeals acted properly in concluding that a party to the trial court proceedings below had standing to appeal the judgment entered against it where that party:

(a) was an original, necessary and indispensable party to the trial court actions;

(b) transferred its present legal interest in the patents-in-suit *pende lite* while retaining interests in the patents;

(c) continued under Fed. R. Civ. P. 25(c) as the party representing the ownership interest in the patents-in-suit through the entire actions;

(d) had judgment entered against it;

(e) suffered immediate economic injury as a result of the judgment; and

(f) received threats of claims against it as a result of the judgment.

Whether the court of appeals acted within its sound discretion by designating its own opinion, which is consistent with its own precedent and the binding authority of the Court, and which presents no issue of exceptional importance, as non-precedential.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Intelpro Corporation has no parent corporation. No publicly held company owns ten percent or more of the stock of Intelpro Corporation.

TABLE OF CONTENTS

	Page
Questions Presented	i
Corporae Disclosure Statement	ii
Table of Contents	iii
Table of Cited Authorities	iv
Statement of Jurisdiction	1
Counter-Statement of the Case	2
Reasons for Denying the Writ	7
I. Decisional Law Has Already Held That Fed. R. Civ. P. 25(c) Does Not Create Jurisdiction Beyond The Limits of Article III And Applies Beyond the District Court	7
II. Intelpro Established Its Standing Independent Of Its Status Under Fed. R. Civ. P. 25(c)	14
III. Environ's Authorities Do Not Address Fed. R. Civ. P. 25(c) And Are Also Otherwise Distinguishable	16
IV. Environ's Argument That Designation Of The Court of Appeals Opinion As Non-Precedential Was Done In An Attempt To Shield The Judgment From Review Is Unavailing	19
Conclusion	21

TABLE OF CITED AUTHORITIES

Cases: *Page*

Anderson v. City of Bessemer City, 470 U.S. 564 (1985) 13

Arizonans for Official English v. Arizona, 520 U.S. 43 (1997) 9

Bender v. Williamsport Area School Dist., 475 U.S. 534 (1986) 16

Blonder-Tongue Labs, Inc. v. University of Illinois Found., 402 U.S. 313 (1971) 17

City of Oklahoma City v. Tuttle, 471 U.S. 808 (1985) 7

Cooter & Gell v. Hartmax Corp., 496 U.S. 384 (1990) 12, 13

Courtner v. Israel, 732 F.2d 267 (2nd Cir. 1984) .. 4

Covington Grain Co. v. Deal, 638 F.2d 1362 (5th Cir. 1981) 2, 11

Diamond v. Charles, 476 U.S. 54 (1986) 16

ELCA Enters. Inc. v. Sisco Equip. Rental & Sales, Inc., 53 F.3d 186 (8th Cir. 1995) 11

Flast v. Cohen, 392 U.S. 83 (1968) 14

Cited Authorities

Page

Friends of the Earth, Inc. v. Laidlaw Environmental Services (TOC), Inc., __ U.S. __, 120 S. Ct. 693 (2000) 16

General Battery Corp. v. Globe-Union, Inc., 100 F.R.D. 258 (D. Del. 1982) 2, 11

Gollust v. Mendell, 501 U.S. 115 (1991) 15

Hillbrands v. Far East Trading Co., 509 F.2d 1321 (9th Cir. 1975) 2, 11

In re Michigan-Ohio Bldg. Corp., 117 F.2d 191 (7th Cir. 1941) 17, 18

Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565 (Fed. Cir. 1986) 13, 15

Lee v. Navarro Savings, 597 F.2d 421 (5th Cir. 1979), *aff'd*, 446 U.S. 458 (1980) 8

Liner v. Jafco, Inc., 375 U.S. 301 (1964) 10

Lujan v. Defenders of Wildlife, 504 U.S. 555 (1992) 16

Minnesota Mining & Mfg. v. Eco Chem, Inc., 757 F.2d 1256 (Fed. Cir. 1985) 1, 11, 12

Nat. Res. Defense Council, Inc. v. Texaco Refining and Mkg., 2 F.3d 493 (3rd Cir. 1993) 1, 10

Cited Authorities

	Page
Navarro Savings Association v. Lee, 446 U.S. 458 (1980)	1, 7, 8, 13
Nelson v. Adams, U.S.A. Inc., S. Ct. Case No. 99-502	6
Newman-Grain, Inc. v. Alfonzo-Larrain, 490 U.S. 826 (1989)	13
Penda Corp. v. United States, 44 F.3d 967 (Fed. Cir. 1994)	17
Sibbach v. Wilson & Co., Inc., 312 U.S. 1 (1940)	12
Sierra Club v. Morton, 405 U.S. 727 (1972)	15
United States Parole Comm'n v. Geraghty, 445 U.S. 388 (1980)	9
Willy v. Coastal Corp., 503 U.S. 131 (1992)	12
Wissman v. Pittsburgh National Bank, 942 F.2d 867 (4th Cir. 1991)	15
Statutes:	
28 U.S.C. § 1295(a)(1)	12
28 U.S.C. § 1338	3, 12
28 U.S.C. § 2201	3, 12

Cited Authorities

Page

United States Constitution:

Article III 9, 10, 12, 16

Rules:

Fed. Cir. R. 47.6 19

Fed. R. App. P. 3(c) 4

Fed. R. App. P. 36 19

Fed. R. App. P. 36(a)(2) 19

Fed. R. App. P. 36(b) 19

Fed. R. App. P. 40(a)(3) 20

Fed. R. App. P. 43 13

Fed. R. Civ. P. 21 13

Fed. R. Civ. P. 25(c) ..... *passim*

Fed. R. Civ. P. 52(a) 13

Fed. R. Civ. P. 82 ..... 11, 12

United States Supreme Court Rule 10 2

United States Supreme Court Rule 27.3 6

Cited Authorities

	Page
1st Cir. R. 36	19
4th Cir. R. 36	19
5th Cir. R. 47	19
6th Cir. R. 206	19
7th Cir. R. 53	19
8th Cir. R. Appendix I	19
9th Cir. R. 36	19
10th Cir. R. 36	19
11th Cir. R. 36	19

Other Authority:

Monaghan, Constitutional Adjudication: The Who and When, 82 Yale L.J. 1363 (1973) 9

STATEMENT OF JURISDICTION

Intelpro Corporation ("Intelpro") respectfully submits this brief in opposition to the petition for a writ of certiorari filed by Environ Products, Inc. ("Environ"). Environ does not question the Federal Circuit's opinion on the merits. Environ questions only the Federal Circuit's acknowledgment that Intelpro, an original, necessary and indispensable party, a continuing party throughout the district court proceedings, and a party aggrieved by the district court judgment, had appellate standing to contest a judgment entered against it in continuing patent actions.

The petition presents no issue warranting review by the Court. The Federal Circuit's recognition of Intelpro's standing is consistent with and controlled by the application of well-settled legal principles. In its petition, Environ asserts that, despite "intensive" research, it was unable to locate any authority to support the Federal Circuit's application of Fed. R. Civ. P. 25(c). (Petition at 4 n.1; 14; 17). Environ apparently failed to look at Intelpro's briefs submitted to the Federal Circuit, which contain precisely such authority. (*See* C.A. Response to Petition for Rehearing at 1, 3-6, 8-9).

Indeed, Environ has ignored the entire body of case law, including law from the Court, establishing that Fed. R. Civ. P. 25(c) is procedural, applies in a court of appeals proceeding and does not expand a federal court's jurisdiction in contravention of the Constitution. *See, e.g., Navarro Savings Association v. Lee*, 446 U.S. 458, 459 n.1 (1980); *Nat. Res. Defense Council, Inc. v. Texaco Refining and Mkg.*, 2 F.3d 493, 506 (3rd Cir. 1993); *Minnesota Mining & Mfg. v. Eco Chem, Inc.*, 757 F.2d 1256, 1262 (Fed. Cir. 1985);

Covington Grain Co. v. Deal, 638 F.2d 1362, 1364 (5th Cir. 1981); *Hillbrands v. Far East Trading Co.*, 509 F.2d 1321, 1323 (9th Cir. 1975); *General Battery Corp. v. Globe-Union, Inc.*, 100 F.R.D. 258, 262 (D. Del. 1982).

Supreme Court Rule 10 indicates that review on a writ of certiorari is not a matter of right and will be granted only for compelling reasons. The Federal Circuit's decision is not in conflict with any decisional law, and it does not represent a departure from the accepted and usual course of judicial proceedings, and it does not decide any important question of federal law that has not been, but should be, settled by the Court. There is no compelling reason for the Court to review this case. S. Ct. Rule 10. Accordingly, the Court should deny the petition.

COUNTER-STATEMENT OF THE CASE

Environ's statement of the case omits and/or seriously misstates several important facts. In that regard, at least four principal omissions/misstatements require correction for present purposes:

1. The district court proceedings and judgment also involved a separate, contemporaneously brought, declaratory judgment action by Environ against Intelpro and its licensee Total Containment, Inc. ("TCI") seeking, *inter alia*, a judgment that the patents-in-suit are invalid. (C.A.Jt.App. at A203). Environ further fails to state that the action against Environ was initiated by TCI in its name alone, and that Intelpro joined in the action in response to Environ's motion to dismiss for failure to join Intelpro, a necessary and indispensable party. (C.A.Jt.App. at A151, A173). Jurisdiction was vested in the district court by virtue of

28 U.S.C. §§ 1338 and 2201, and the actions were treated as if consolidated below.

2. Environ states that OPW, Intelpro's successor in title to the patents, did not attempt to join the district court proceedings at any time. (Petition at 3). Environ's statement is hypocritical. Environ fails to state that during the district court proceedings, OPW conferred with Environ and advised Environ that OPW desired to become a party to the action, substituting OPW for Intelpro in the district court litigation. At that time, Environ's counsel advised OPW that it would object to any efforts to substitute and asserted that substitution might interfere with or delay the then scheduled trial date. (C.A.Jt.App. at A6182-83). Environ also took the position that OPW did not have the right to participate in the litigation because, Environ claimed, a litigation agreement between Intelpro and its licensee/co-party TCI had effectively "disenfranchised" OPW with respect to the litigation. (C.A.Jt.App. at A6185-86). Based upon Environ's stated objection to OPW joining the action, Intelpro's and OPW's desire not to delay the trial of this matter, and because Fed. R. Civ. P. 25(c) permits the action to be continued by the original party, Intelpro and OPW did not seek substitution.

3. Environ implies that Intelpro asserted only loss of revenue as the sole basis for its appellate standing. (Petition at 4). While the significant economic injury Intelpro suffered as a direct result of the district court judgment demonstrates the judgment aggrieved Intelpro and establishes that Intelpro has and had an appealable interest, Intelpro relied upon additional bases for its appellate standing.

Intelpro owned the patents-in-suit at the commencement of both district court actions and was a proper party, indeed as Environ argued below a necessary and indispensable party, to the district court actions. (C.A. Brief for Appellate at xi-xii). In accordance with Fed. R. Civ. P. 25(c), Intelpro remained a proper party throughout the lower court actions as the party representing the ownership interest in the patents-in-suit. Intelpro relied upon its original and continuing party status as one basis for its appellate standing. *Id.* at xiii; Fed. R. App. P. 3(c) ("a notice of appeal must specify the party or parties taking the appeal. . . .").

Intelpro also established it had standing independent of its original party status. Intelpro's transfer of legal title to the patents-in-suit to OPW was in exchange for consideration which included OPW's obligation to remit to Intelpro, on an ongoing basis, an amount equal to any royalties received under the licenses covering the patents-in-suit. (C.A.Jt.App. A6040). Thus, Intelpro retained a beneficial interest in the patents-in-suit. *See Courtner v. Israel*, 732 F.2d 267, 271 (2nd Cir. 1984) (discussing standing of a beneficial owner of a copyright and quoting the legislative history for Section 501(b) of the Copyright Act, 17 U.S.C. § 501(b), to wit: "A 'beneficial owner' for this purpose would include, for example, an author who had parted with legal title to the copyright in exchange for percentage royalties based on sales or license fees."). Intelpro also retained a future legal interest in title to the patents. (C.A.Jt.App. at A6051); (Petition App. at 24).

Intelpro established that before entry of the district court judgment against it, Intelpro was receiving significant royalties paid by TCI. (C.A.Jt.App. at A1521-30; A1639-40). Based on the district court's judgment against

Intelpro, TCI withheld hundreds of thousands of dollars of outstanding royalty payments and contended it was no longer obligated to make royalty payments. Based on the district court's adverse judgment, TCI further contended that it had claims against Intelpro resulting from the impact of the judgment on an earlier settlement agreement between Intelpro and TCI that resolved a patent interference involving the patent application that matured into the patents-in-suit. These injuries are of record. (C.A.Jt.App. at A62179-80).

Thus, Intelpro established it had suffered actual injury (the immediate loss of hundreds of thousands of dollars of revenue) and had threatened injury (claims against Intelpro based on the judgment), both of which were personal to Intelpro, directly traceable to the challenged district court judgment (declarations of invalidity and noninfringement) and redressable by a favorable decision (reversal/vacation of the declarations of invalidity and noninfringement). The fact that the district court judgment financially harmed Intelpro was not disputed by Environ below. (*See* C.A. Brief of Appellee at xix (wherein Environ stated that Intelpro's assertion that it "will suffer financial harm if the judgment is not reversed . . . may be assumed true")).

4. Environ includes within its statement of the case an argumentative narrative which seriously misstates the actions of the Federal Circuit and the state of the law concerning the standing issue at hand. Contrary to Environ's argument, and consistent with Circuit Judge Clevenger's comments during oral argument, the decisional law recognizes that the "case or controversy" requirement exists throughout all stages of the judicial process and the application of Fed. R. Civ. P. 25(c) is consistent with that requirement. Case law, known to, but totally ignored by Environ,

establishes that Rule 25(c) applies in a court of appeals and does not expand a court's jurisdiction in contravention of the Constitution.

Further, and contrary to Environ's argument, Intelpro independently showed a "direct and palpable" interest in the outcome of the appeal securing its standing — and the jurisdiction of the court — on appeal. The Federal Circuit's analysis followed the guidelines established by the Court and its decision is consistent with the case law. Thus, no question of exceptional importance was involved and nothing warranted a precedential opinion. Moreover, the status of the opinion as non-precedential did not, in any way, diminish the right of Environ to seek review of the judgment.

Finally, this case has nothing to do with the questions presented in *Nelson v. Adams, U.S.A. Inc.*, S. Ct. Case No. 99-502, concerning whether a court can assess attorney fees against a non-party shareholder/officer of a corporate party which lost a patent infringement law suit. The questions presented by Environ here do not relate to attorney fee awards, or to the parties liable for such awards, or to joinder of a patent applicant/shareholder/officer as a party in a case instituted by his corporation, or to the district court's discretion to join parties post judgment. Additionally, on March 27, 2000, the Court heard oral argument in the *Nelson* case. Therefore, the Court's decision to review *Nelson v. Adams* has no bearing on review of this case. S. Ct. Rule 27.3.

REASONS FOR DENYING THE WRIT

Environ fails to provide any compelling grounds that justify requesting the Court's "commitment of scarce judicial resources" to grant certiorari and review the questions presented in the petition. *See City of Oklahoma City v. Tuttle*, 471 U.S. 808, 816 (1985).

The recognition of Intelpro's appellate standing follows from an unremarkable and straightforward application of Fed. R. Civ. P. 25(c). *See Navarro Savings*, 446 U.S. at 459 n.1. As the Federal Circuit opinion noted, Rule 25(c) provides "[i]n case of any transfer of interest, the action may be continued by or against the original party. . . ." The Federal Circuit, citing its own earlier precedent, recognized that Intelpro, an original and continuing party to the surviving patent actions, had appellate standing to contest the judgment entered against it. The Federal Circuit's decision represents neither new law nor a departure from the accepted and usual course of judicial proceeding since it follows precedent from among others, the Court and the Federal Circuit. In any event, Intelpro's appellate standing is independently confirmed when the general principles of standing are applied to the particular, unique facts of this case.

I. Decisional Law Has Already Held That Fed. R. Civ. P. 25(c) Does Not Create Jurisdiction Beyond The Limits of Article III And Applies Beyond the District Court

Environ's petition turns on its assertion that application of Fed. R. Civ. P. 25(c) expands a court's jurisdiction in contravention of the Constitution. Yet, Environ does not mention a single case applying Rule 25(c). This is because there is no conflict among the circuits on this issue. The law

is uniform, from the Court and down, that Fed. R. Civ. P. 25(c) does not expand a federal court's jurisdiction in contravention of the Constitution.

Dispositive of Environ's petition (and cited by Intelpro in the briefing below but ignored by Environ in its Petition), the Court has already directly applied Fed. R. Civ. P. 25(c) outside of the district court proceedings to permit the original parties to continue the litigation on appeal, after a transfer of interest. *Navarro Savings*, 446 U.S. at 459 n.1. In *Navarro*, the plaintiffs were trustees of Fidelity Mortgage Investors, a business trust. The plaintiffs filed the complaint as representatives of Fidelity. The district court dismissed the plaintiffs' action for lack of diversity and federal question jurisdiction, holding that the trust as a party included all of its beneficiaries, some of whom were citizens of the same state as defendant. During the pendency of the appeal, there was a change of interest when Fidelity, the business trust, merged into a Delaware corporation. The Fifth Circuit appeal and the appeal to the Court were maintained in the name of the original district court plaintiffs, the trustees, even though the transfer of interest had occurred. *See Lee v. Navarro Savings*, 597 F.2d 421 (5th Cir. 1979), *aff'd*, 446 U.S. 458 (1980). The Court expressly permitted the original plaintiffs to continue the litigation, holding:

> Fidelity merged into a Delaware corporation in 1978, but Federal Rule of Civil Procedure 25(c) permits the original parties to continue the litigation. Jurisdiction turns on the facts existing at the time the suit commenced. *Louisville, N.A. & C.R. Co. v. Louisville Trust Co.*, 174 U.S. 552, 556, 19 S. Ct. 817, 818, 43 L. Ed. 1081 (1899).

Navarro Savings, 446 U.S. at 459 n.1.

Thus, the Court's precedent mandates the Federal Circuit's decision and underscores the legal error in Environ's assertion that Fed. R. Civ. P. 25(c) does not permit the original parties to continue the litigation beyond the district court phase.

Environ erroneously argues that the application of Fed. R. Civ. P. 25(c) on appeal runs afoul of the case or controversy requirement of Article III. The case-or-controversy requirement, however, subsists through all stages of federal judicial proceedings. *Arizonans for Official English v. Arizona*, 520 U.S. 43, 67 (1997). "The requisite personal interest that must exist at the commencement of the litigation (standing) must continue throughout its existence (mootness)." *United States Parole Comm'n v. Geraghty*, 445 U.S. 388, 397 (1980) (quoting Monaghan, Constitutional Adjudication: The Who and When, 82 Yale L.J. 1363, 1384 (1973)).

Environ did not move to substitute OPW for Intelpro and even indicated it would oppose any attempt to join OPW in the action. Now, Environ tries to stand Fed. R. Civ. P. 25(c) on its head. According to Environ's logic, if a party does not move to substitute the transferee for the transferor, or even if a party unsuccessfully moves to substitute, the parties to the change of interest have no right to appeal an adverse judgment on the merits. Taken to its logical extent, according to Environ's argument, if application of Rule 25(c) on appeal is in contravention of Article III standing principles, for the same reasons its application in the district court is in contravention of Article III.

In particular, if Intelpro's transfer of title in the patents-in-suit works a loss of Intelpro's standing, then, under

Environ's logic, that loss of standing occurred at the time of the transfer during the district court phase, and the district court judgment, therefore, would be of no effect. *Liner v. Jafco, Inc.*, 375 U.S. 301, 306 n.3 (1964) (Article III does not permit federal courts to decide moot cases).

Federal courts have uniformly rejected Environ's argument that Rule 25(c) impermissibly extends the Article III case or controversy requirement. Fed. R. Civ. P. 25(c) permits, but does not require, any party to move for substitution upon a change of interest. As the Court of Appeals for the Third Circuit stated:

> Rule 25(c) clearly states that "[i]n case of any transfer of interest, the action may be continued by or against the original party, unless a court upon motion directs the person to whom the interest is transferred to be substituted. . . ." One commentator has noted that "[t]he most significant feature of Rule 25(c) is that it does not require that anything be done after an interest has been transferred." 7C C. Wright, A. Miller & M. Kane, Federal Practice and Procedure § 1958, at 555(2d ed. 1986). Joinder of the transferee is unnecessary unless the trial court makes a discretionary determination that the transferee's presence would facilitate the case. *Id.* at 555-57.

Nat. Res. Defense Council, Inc. v. Texaco Refining and Mkg., 2 F.3d at 506 (recognizing that Rule 25(c) does not require substitution when a transfer of interest occurs *pende lite* and that the original party can continue the litigation through appeal).

Contrary to Environ's argument, ". . . Rule 25(c) is not designed to create new relationships among parties to a suit but is designed to allow the action to continue unabated when an interest in the lawsuit changes hand." *Covington Grain Co. v. Deal*, 638 F.2d at 1364. The Rule provides the mechanics for continuing an action which survives the transfer under applicable substantive law. *Hilibrands v. Far East Trading Co.*, 509 F.2d at 1323. "The rule expressly permits parties to continue in an action, even if they do not remain the real party in interest, as long as the cause of action itself survives the transfer of interest." *ELCA Enters. Inc. v. Sisco Equip. Rental & Sales, Inc.*, 53 F.3d 186, 191 (8th Cir. 1995).

These cases, as well as others, consistently demonstrate that the application of Fed. R. Civ. P. 25(c) does not expand the court's jurisdiction in contravention of the Constitution. By way of further example, in *General Battery*, the district court examined the standing issue in the context of a patent assignment *pende lite*. 100 F.R.D. at 261-63. After an in-depth analysis, the district court determined that Rule 25(c) is a valid procedural rule that is necessary for the efficient functioning of the federal courts and that it does not work an expansion of the court's jurisdiction in contravention of Fed. R. Civ. P. 82 or the Constitution. *Id.* at 263.

In *Minnesota Mining*, the Federal Circuit determined, in the context of substituting a successor-in-interest for the original party, that Rule 25(c) did not extend jurisdiction beyond that constitutionally permitted. 757 F.2d at 1261-64. The Federal Circuit also examined the application of Rule 25(c) by cases in other contexts and found: "These cases effectively, if implicitly, stand for the proposition that substitution of a party under Rule 25(c) does not violate the

proscription of Rule 82 that the rules 'not be construed to extend or limit the jurisdiction of the United States district courts.' " *Id.* at 1262.

These cases demonstrate that federal courts have uniformly determined that applying Rule 25(c) does not run afoul of Rule 82 or Article III. *Willy v. Coastal Corp.*, 503 U.S. 131, 135 (1992) (Rules apply only if their application will not impermissibly expand the judicial authority conferred by Article III).

There is no issue that the patent actions here survived the transfer of interest in legal title of the patents-in-suit from Intelpro to OPW. There also is no issue that the district court and the court of appeals had subject matter jurisdiction of the causes of action. 28 U.S.C. §§ 1295(a)(1), 1338 and 2201. Thus, recognizing Intelpro's right to continue the litigation is merely a procedural application of Rule 25(c). *Sibbach v. Wilson & Co., Inc.*, 312 U.S. 1, 10 (1940) (Rules Enabling Act restricted in its operation to matters of pleading and court practice and procedure).

In determining that the procedural aspects of Fed. R. Civ. P. 25(c) applied on appeal to Intelpro, the Federal Circuit looked to the literal language of Rule 25(c) and to the applicable provisions of the Federal Rules of Appellate Procedure. While Environ is critical of the Federal Circuit's approach, this is the exact same approach the Court used to determine whether Fed. R. Civ. P. 11 applied on appeal. *Cooter & Gell v. Hartmax Corp.*, 496 U.S. 384, 407-09 (1990) (analyzing the language of Fed. R. Civ. P. 11 and Fed. R. App. P. 38 to determine whether Rule 11 applied to appellate practice).

The court of appeals' opinion noted the plain language of Rule 25(c) provides "[i]n case of any transfer of interest, the action may be continued by or against the original party." (Petition App. at 24). The opinion also noted that while for most of the part the Federal Rules of Civil Procedure govern district court proceedings, several Rules apply on appeal. For example, as the panel's opinion noted Fed. R. Civ. P. 52(a) dictates the appellate standard of review of the district court's findings of fact. (Petition App. at 25); *See Anderson v. City of Bessemer City*, 470 U.S. 564, 573 (1985) ("[T]he standard governing appellate review of a district court's finding of discrimination is that set forth in Federal Rule of Civil Procedure 52(a). . . ."); *see also Newman-Grain, Inc. v. Alfonzo-Larrain*, 490 U.S. 826, 832-37 (1989) (applying the policies informing Fed. R. Civ. P. 21 to the courts of appeals).

Consistent with the approach of the Court in *Cooter*, the court of appeals also looked to the Federal Rules of Appellate Procedure, and in particular, Fed. R. App. P. 43, and found no direct provision which would limit the application of Fed. R. Civ. P. 25(c) here. (Petition App. at 25). Additionally, the court of appeals also looked to its own precedent, which had already recognized that an original party that had remained a party after a transfer of interest had standing to appeal from the district court judgment. (Petition App. at 24); *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1582 (Fed. Cir. 1986). Thus, the Federal Circuit's independent analysis and recognition of Intelpro's appellate standing is totally consistent with the Court's precedent in *Navarro Savings*, 446 U.S. at 459 n.1, and *Cooter & Gell*, 496 U.S. at 407-09.

II. Intelpro Established Its Standing Independent Of Its Status Under Fed. R. Civ. P. 25(c)

As the Court has previously held, the determination of standing centers around the simple question of whether the party has a personal stake in the outcome of the litigation:

> [I]n terms of Article III limitations on Federal Court Jurisdiction, the question of standing is related only to whether the dispute sought to be adjudicated will be presented in an adversary context and in a form historically viewed as capable of judicial resolution. It is for that reason that the emphasis in standing problems is on whether the party invoking federal court jurisdiction has "a personal stake in the outcome of the controversy" and whether the dispute touches upon "the legal relations of parties having adverse legal interests."

Flast v. Cohen, 392 U.S. 83, 101 (1968) (citations omitted).

Intelpro established that it owned the patents-in-suit at the commencement of the district court actions. Intelpro further established that while it transferred a present interest in legal title to the patents *pende lite*, Intelpro still retained both a present beneficial interest in the patents and a future legal interest in title to the patents. (C.A.Jt.App. at A6040, A6051; Petition App. at 24).

Intelpro also established that as a direct result of the judgment, Intelpro suffered an immediate loss of hundreds of thousands of dollars. (C.A.Jt.App. at A1521-30, A6179-80). Intelpro further established that as a direct result of the

judgment, TCI threatened claims against Intelpro. (C.A.Jt.App. at A6179-80). This immediate and palpable economic injury and certain impending injury demonstrate Intelpro's personal stake in the outcome of the controversy and that it is aggrieved by the judgment. *See Sierra Club v. Morton*, 405 U.S. 727, 733 (1972) ("[P]alpable economic injuries have long been recognized as sufficient to lay the basis for standing. . . ."); *see also Gollust v. Mendell*, 501 U.S. 115, 127-28 (1991) (Section 16(b) of the Securities Exchange Act of 1934 plaintiff maintains standing so long as his continuing financial interest in the outcome of the litigation is sufficient to motivate its prosecution and avoid constitutional standing difficulties); *see also Wissman v. Pittsburgh National Bank*, 942 F.2d 867, 872 (4th Cir. 1991) (a $7,900.00 exemption represented a present and substantial interest sufficient to provide the necessary standing to pursue an action).

Thus, the judgment against Intelpro aggrieves Intelpro and, as demonstrated by the Federal Circuit's opinion on the merits, Intelpro's interest is totally adverse to that of Environ. Further, OPW, as Intelpro's successor-in-interest, is bound by any judgment against Intelpro. *See Kloster*, 793 F.2d at 1582. Therefore, Intelpro showed it has a personal stake in the outcome of the controversy. Stated otherwise, Intelpro established it had suffered actual injury (the immediate loss of hundreds of thousands of dollars of revenue) and had threatened injury (claims against Intelpro based on the judgment), both of which were personal to Intelpro, directly traceable to the challenged district court judgment (declarations of invalidity and noninfringement) and redressable by a favorable decision (reversal/vacation of the declarations of invalidity and noninfringement).

Accordingly, Intelpro showed it satisfied Article III's standing requirement independent of its party status under Rule 25(c). *See Friends of the Earth, Inc. v. Laidlaw Environmental Services (TOC), Inc.*, __ U.S. __, 120 S. Ct. 693, 704 (2000) (citing *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560-61 (1992)).

III. Environ's Authorities Do Not Address Fed. R. Civ. P. 25(c) And Are Also Otherwise Distinguishable

While Fed. R. Civ. P. 25(c) is liberally mentioned in Environ's petition, none of Environ's authority is directed to the interpretation or application of Rule 25(c). The few cases Environ cites where a party in the district court lacked appellate standing not only do not involve Rule 25(c) but also are clearly factually distinct from the present case.

The controversy in *Bender* was whether the activities at issue constituted a violation of the First Amendment. There, the appellant was sued only in his official capacity, but appealed in his individual capacity. *Bender v. Williamsport Area School Dist.*, 475 U.S. 534, 543-44 (1986). He had no standing to appeal in his individual capacity. Further, in his official capacity, he had no personal stake in the outcome of the litigation. *Id.*

The controversy in *Diamond* involved a challenge to the constitutionality of the Illinois Abortion Law. In *Diamond*, the Court held that Diamond, a pediatrician and an intervenor below, did not have appellate standing because, among other things, he was "not able to assert an injury in fact," and he could not show that what he alleged as an injury had a nexus to the substantive character of the matter at issue. *Diamond v. Charles*, 476 U.S. 54, 65-66, 70-71 (1986). Here, Intelpro,

a principal party, has a palpable and significant economic injury (loss of income and the threat of claims against Intelpro) directly connected to the merits of the judgment (invalidity and scope of the patents).

In *Penda*, Cadillac, the appellant, had been a third party defendant in a suit in the Court of Federal Claims and sought to appeal the judgment entered in that action to the Federal Circuit. *Penda Corp. v. United States*, 44 F.3d 967 (Fed. Cir. 1994). The Federal Circuit held that the Court of Federal Claims was without jurisdiction to determine the new and separate issue of Cadillac's contractual obligations to indemnify the defendant/third party plaintiff. *Id.* at 970. Accordingly, no claim before the Court of Federal Claims was directed against Cadillac; at most, Cadillac was a nominal defendant and no judgment was entered against Cadillac. *Id.* at 971. Contrary to the facts there, here, Intelpro was a principal party, judgment was entered against Intelpro and Intelpro is bound by that judgment. *Blonder-Tongue Labs, Inc. v. University of Illinois Found.*, 402 U.S. 313, 350 (1971).

Environ also contends *Michigan-Ohio* addresses the same issue as here. *In re Michigan-Ohio Bldg. Corp.*, 117 F.2d 191 (7th Cir. 1941). (Petition at 15-16). It does not. In *Michigan-Ohio*, corporate stockholders, who were represented through the corporation, appealed a court order retaining jurisdiction over a plan of reorganization approved by the party corporation. The court of appeals held appellants were "wholly without direct interest in the subject matter of which the court had jurisdiction," *id.* at 193, stating:

> Here appellants are wholly without direct interest in the subject matter of which the court

> had jurisdiction. They are stockholders of the corporation which has come to own the assets and which is party to the proceeding. There is nothing to show conduct on the part of the corporation of such character as to endanger in any way their rights as individual stockholders. They have ceased to have any legal interest in the property of the debtor. They are no longer concerned with an accounting of the latter's assets. They are no wise aggrieved; they are deprived of no property or right; upon them is imposed no burden. If there are ever to be any consequences resulting to their injury, they are not reflected by the record. Nothing would justify us in concluding that they are even remotely affected by the decree. It grants no relief against them or in their favor. It is, in the language of the opinion quoted, merely a permissive order.

Id.

Not only is Fed. R. Civ. P. 25(c) not addressed in *Michigan-Ohio*, but the facts in *Michigan-Ohio* are the total converse of those present here. OPW, Intelpro's successor in title to the patents, is not a party to the proceedings. Intelpro is a party, judgment was entered against Intelpro, and that judgment, before it was vacated, aggrieved Intelpro. Intelpro has a present beneficial interest in the patents and a future legal interest in the patents. The adverse consequences of loss of significant income to Intelpro and the threat of claims against Intelpro caused by the district court judgment are of record. Thus, there is no comparison between the facts of the cases cited by Environ and those present here.

IV. Environ's Argument That Designation Of The Court of Appeals Opinion As Non-Precedential Was Done In An Attempt To Shield The Judgment From Review Is Unavailing

As set forth above, precedent, including precedent from the Court and from the Federal Circuit, has already recognized the appropriateness of applying the procedural principles of Fed. R. Civ. P. 25(c) beyond the district court. The Federal Circuit's decision recognizing Intelpro's appellate standing is consistent with that precedent and breaks no new ground. Environ has not pointed, and cannot point, to anything in the Federal Circuit's decision on the actual merits that adds significantly to the body of law.

Federal Rule of Appellate Procedure 36 contemplates that judgments may be rendered by the courts of appeals without an opinion. Fed. R. App. P. 36(a)(2), (b). The Rules of the Federal Circuit provide for both precedential and non-precedential opinions and orders. Fed. Cir. R. 47.6. The determination to make an opinion or order precedential is discretionary with the panel of the court of appeals issuing the opinion or order. Providing for precedential and non-precedential opinions is common among the various courts of appeals. *See*, *e.g.*, 1st Cir. R. 36, 4th Cir. R. 36, 5th Cir. R. 47, 6th Cir. R. 206, 7th Cir. R. 53, 8th Cir. R. Appendix I, 9th Cir. R. 36, 10th Cir. R. 36, 11th Cir. R. 36.

As evidenced by the procedural history here, the designation of an opinion as non-precedential, does not, and did not, impair any right of review of the judgment. Here, Environ filed a petition before the Court of Appeals for the Federal Circuit requesting rehearing *en banc* of the judgment of the panel of the court of appeals. The Court of Appeals

for the Federal Circuit did not deny the petition out of hand because the underlying opinion was non-precedential, as Environ would imply. The court requested an answer to the petition from Intelpro. *See* Fed. R. App. P. 40(a)(3) ("Unless the court requests, no answer to a petition for panel rehearing is permitted."); (Petition App. at 35). The petition was circulated to not only the original panel but also to each of the circuit judges in regular active service. (Petition App. at 35). When presented with the totality of the facts and law related to this matter, Environ's petition was denied and did not elicit the public views of a single judge in favor of granting rehearing.

Nor has the designation of the Federal Circuit's opinion as non-precedential or the denial of Environ's petition for rehearing *en banc* impaired Environ's right to seek review of the judgment by the Court, as is evident by Environ's present petition. Therefore, Environ's argument that the Federal Circuit designated its opinion as non-precedential in an effort to shield its judgment from review is totally baseless.

CONCLUSION

The application of Fed. R. Civ. P. 25(c) by the Federal Circuit is well grounded in existing precedent of the Court and the lower federal courts. As previously held, the use of Rule 25(c) in the present context is not inconsistent with the Constitutional requirement of standing. In addition, Intelpro demonstrated an independent basis for its standing to appeal the judgment entered against it, based upon the personal stake it had in the outcome of the litigation. For all of the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

DAVID LESHT
Counsel of Record
JOHN L. ALEX
MICHAEL J. MCGEE
COOK, ALEX, MCFARRON, MANZO,
CUMMINGS & MEHLER, LTD.
Attorneys for Respondent
200 West Adams Street, Suite 2850
Chicago, Illinois 60606
(312) 236-8500